



State of Utah  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

m/45/021

Michael O. Leavitt  
Governor

Robert L. Morgan  
Executive Director

Lowell P. Braxton  
Division Director

1594 West North Temple, Suite 1210  
PO Box 145801  
Salt Lake City, Utah 84114-5801  
(801) 538-5340 telephone  
(801) 359-3940 fax  
(801) 538-7223 TTY  
www.nr.utah.gov

June 24, 2002

Lone Star Industries Inc.  
Mr. Harry Phillip  
10401 North Meridan Street, Suite 400  
Indianapolis, Indiana 46290-1090

Re: Request for 5-year Permit Term Extension - Continued Suspension of Mining Operations, Lone Star Industries Inc., Quarry Antone and Little Mountain Quarry, M/045/005 & M/045/021, Tooele County, Utah

Dear Mr. Phillip:

The Division has completed its assessment of your March 18, 2002, letter and request for a 5-year permit term extension beyond the current 10-year regulatory limit for a continued suspension of mining operations for the Quarry Antone and Little Mountain mining operations. After considerable review and consultation we have made the following preliminary findings concerning your request:

1. Pursuant to Rule 647-4-117.4, when a mine remains inactive or suspended for a time period that exceeds 10 years, the Division will require reclamation of the disturbances, unless the operator seeks an extension from the Board of Oil, Gas and Mining prior to the expiration of the 10-yr period showing good cause for a longer suspension period. Accordingly, Lone Star Industries is hereby directed to submit a formal Request for Agency Action seeking an extension from the Board of Oil, Gas and Mining. This matter will be heard at the next month's scheduled hearing following our receipt of your formal request.
2. Recent GPS survey information generated by the Division for each site indicates that the current surface disturbance is 11.65 acres and 23.29 acres respectively, for the Quarry Antone and Little Mountain Quarry. The sites were originally approved and bonded for 8.0 acres and 20.0 acres respectively. The Division has received and accepted updated reclamation bond estimates for both sites (enclosed). Lone Star Industries is hereby directed to provide the Division with the following escalated surety bond amounts (\$49,900 for Quarry Antone and \$69,800 for the Little Mountain Quarry).
3. The enclosed field inspection memos outline the Division's assessment of the current conditions at both sites. The Division has made a preliminary finding regarding site stability



Page 2

Harry Phillip

M/045/005 & M/045/021

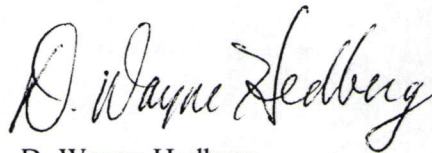
June 24, 2002

and the adequacy of current vegetation cover based upon our initial March 27, 2002 field inspection and a subsequent inspection on June 4, 2002. Please see the inspection memos that outline the current conditions of each site. You may want to reference or include some of this information as part of your formal Request for Agency Action.

When you submit your formal request to the Division and Board, please include any and all information that you feel justifies and supports your 5-year extension request beyond the standard 10-year timeframe. We recently received two bond cancellation notices from American International Companies for surety bond # ~~950079~~ and ~~950080~~. The effective cancellation date is September 13, 2002. Copies are enclosed for your reference. It is our understanding that you are presently working on obtaining the updated replacement reclamation sureties for both project areas.

Thank you for your help and patience in finalizing these permitting actions. We look forward to the receipt of your formal Agency Action request and the replacement sureties at your earliest convenience. If I can provide you with further assistance in this regard, please call me at (801) 538-5286.

Sincerely,



D. Wayne Hedberg  
Permit Supervisor  
Minerals Regulatory Program

jb

Enclosures: 3/27/02 & 6/4/02 field inspections w/GPS maps & site photos

Revised surety bond cost estimates

Example of Request for Agency Action

Bond cancellation notices

cc: Mike Malmquist, Parsons, Behle, and Latimer w/enclosures

201 So. Main St., Suite 1800, SLC, Utah 84111-2218

O:\M045-Tooele\M0450005-Little Mountain Quarry\final\M0250005approval-ltr.doc



State of Utah  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt  
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Executive Director  
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801-359-3940 (Fax)  
801-538-7223 (TDD)

April 3, 2002

TO: Minerals File

FROM: Doug Jensen, Senior Reclamation Specialist *D. Jensen*

RE: Site Inspection, Quarry Antone & Little Mountain Quarries, M/045/005 & M/045/021, Tooele County, Utah

Date of Inspection: March 27, 2002  
Time of Inspection: 1:00 P.M.  
Conditions: Clear, Sunny & Breezy  
Participants: Harry Philip, Greg Morical, Rod Simmons - Lone Star Industries; Mike Malmquist - PB&L; Brian Buck - JBR, Tom Munson, Doug Jensen - UDOGM

**Purpose of Inspection: Review Inactive Status & Bond Adequacy of Sites**

**Background:**

The inspection of these sites was a result of a Division letter requesting updated information needed for escalation of the bonds presently being held for each site. This letter also stated that because these sites had been inactive for a period beyond that which requires reclamation (ten years) the Division requested a written response explaining why the Division should not require immediate reclamation of both sites.

Lone Star has requested an additional five-year extension (letter attached) of the rule requiring reclamation of these sites (the sites have been inactive since 1988). The company is requesting this extension to allow the company to evaluate the future potential of these properties. Future plans for Lone Star may include the construction of a cement plant in this area. If these plans come into fruition these two sites would provide essential feedstock for these plant

JBR Environmental Consultants, Inc was retained by Lone Star to check the bond estimates calculated for these two sites and recalculate the costs to today's equipment and labor costs. A bond amount for each site was calculated using the Means cost index. The amount to reclaim the Little Mountain Quarry was \$59,055 and Quarry Antone was \$44,494. These costs do not include an escalation factor used by the Division to account for inflation during the term of the bond (5 years).

Bond amounts have been calculated by the Division utilizing cost and labor factors furnished by JBR. A copy of these surety estimates are attached.



**Observations:**

The first site visited was the Quarry Antone. The pit at this site was formed by utilizing a slot type method of mining, the slot is ~ 30 feet wide at the floor. A limestone bedding plane standing at ~70 degrees forms the south highwall of the slot and is very stable. The north highwall is formed of a shale and stands at ~ 80 degrees and does show signs of minor spalling. There is one small dump located on the site that has become overgrown with rabbit brush. The entire site with the exception of the pit bottom, the highwalls, a small push-up area and the access road has naturally revegetated itself and the site shows no evidence of erosion problems. This site is presently permitted and bonded for 13 acres of disturbance; approximately 5 to 6 acres have been affected by mining activities to date. The bond amount calculated for this site is sufficient to reclaim this site.

Little Mountain Quarry was visited next. This site is also appears to be very stable. The mining method used at this site is removal of a hillside. A limestone bedding plane standing at ~70 degrees form a very stable highwall at this quarry. This site was permitted to disturb 20 acres, approximately 9 to 10 acres have been disturbed to date. The bond calculated for this site is sufficient to reclaim the disturbance.

There are two waste disposal areas associated with this quarry; the dump slopes on each area have become naturally revegetated since the site became inactive. The quarry highwall, floor, the stock pile area, a small silt pond and the access road are the only areas at the site that have not become overgrown since this mining area became inactive. These features form a small portion (~4 to 5 acres) of the overall disturbance associated with this site.

**Conclusions and Recommendations:**

Both sites appear very stable with no slope stability or erosion problems. Due to lack of any mining activity since 1988, much of the disturbed areas at both sites have become naturally revegetated.

Allowing these sites to remain for an additional five-year period should not result in any significant onsite or offsite environmental impacts or public health and safety concerns to the surrounding area.

jb  
Attachment: Lone Star request letter  
cc: Harry Philip, Lone Star  
Mike Malmquist, PB&L  
O:\M045-Tooele\M45-05&21-03272002-ins.doc





## **LONE STAR INDUSTRIES, INC.**

✓ M/045/005  
M/045/021

10401 N. Meridian St., Suite 400  
Indianapolis, IN 46290  
317-706-3300

March 18, 2002

D. Wayne Hedberg  
Permit Supervisor  
Mineral Regulatory Program  
Division of Oil, Gas and Mining  
1594 West North Temple, Suite 1210  
P. O. Box 145801  
Salt Lake City, Utah 84114-5801

**RECEIVED**

MAR 21 2002

DIVISION OF  
OIL, GAS AND MINING

Re: Antone Quarry (M/045/021) and Little Mountain Quarry (M/045/005)

Dear Wayne:

This letter serves four purposes. First, it explains the circumstances behind Lone Star Industries, Inc. (Lone Star) delayed request for extension of the permits for the above-referenced mines. Second, it documents the recent course of dealings between Lone Star and your office, the Division of Oil, Gas and Mining (Division) regarding the two mines, and particularly regarding efforts to extend the mining permits and update the reclamation bonds. Third, it includes updated estimates of reclamation costs prepared by Lone Star and its consultant, JBR Environmental (JBR), for your review and consideration as the basis for new or supplemental reclamation bonds for the two mines. And fourth, it requests that the Division extend the mining permits for the two mines for an additional five-year term.

As you know, these four topics have been the subject of a series of phone conversations and written and e-mail correspondence between representatives of Lone Star and your office over the last several months. By mutual agreement, Lone Star is summarizing those discussions in this letter, and formally requesting extension of Lone Star's permits. Lone Star understands that the Division is not likely to make a decision on this request until after a site visit, which may not be possible for a few weeks or months due to winter conditions.

### Delayed Extension Request

As you know, by letter of April 3, 2001 the Division notified Lone Star that it had reviewed the status of the Antone and Little Mountain mines and determined they had been inactive since 1988, a period of more than 10 years, and that under Division regulations Lone Star was required to make a showing as to why the mines should continue to be held in suspended status and not



reclaimed. The primary reason that Lone Star did not make such a showing prior to or during 1999 (or 2001) was that during the relevant time period, Lone Star underwent a major corporate reorganization which led to a move of corporate headquarters from Stamford, Connecticut to Indianapolis, Indiana, and to a significant downsizing and change of personnel. In the process, the staff person responsible for Lone Star's Utah properties left the company and some of the relevant files for those properties were lost. In effect, during the period of corporate transition, Lone Star lost track of the status of the Utah properties during the relevant time period.

#### Recent Course of Dealings

By letter dated May 14, 2001, Lone Star responded to the Division by acknowledging receipt of the Division's April 3<sup>rd</sup> letter and informing the Division that Lone Star would institute a review of the mines' status so that it could respond to the Division's request. In July 2001, Lone Star wrote the Division twice, once to pay the annual permit fee for the two mines (July 3<sup>rd</sup>), and once to request a copy of the Division's permit files for the mines because Lone Star's initial review indicated that its files were incomplete (July 6<sup>th</sup>). Following receipt and review of the files, Lone Star retained local counsel and contacted your office to set up a meeting and site visit as a first step in the process for extension of the mine permits, as confirmed by Lone Star in a letter to your office dated October 30, 2001.

A meeting and site visit with Division staff was then scheduled but was postponed by mutual agreement due to the onset of winter conditions. In the meantime, your staff requested that pending rescheduling of the meeting and site visit (which depends on the onset of spring conditions), Lone Star should review the reclamation plans and prepare updated reclamation cost estimates for the mines, for consideration by the Division. In response, Lone Star retained JBR Environmental, a local engineering firm, and performed the requested reclamation cost review, which is discussed below.

As you know, during the period of the above-referenced written correspondence there were also several e-mail and phone contacts between Lone Star with you and your staff regarding these same issues.

#### Updated Reclamation Cost Estimates

Currently, the Division holds reclamation bonds posted by Lone Star for the Antone Quarry mine in the amount of \$34,400, and for the Little Mountain Quarry mine in the amount of \$56,200. For the Antone Quarry mine bond, the cost estimate prior to application of the 5-year escalation factor was \$29,700. For the Little Mountain Quarry mine bond, the pre-escalation cost estimate was \$45,791.

Lone Star and JBR have reviewed the reclamation plans and the existing cost estimates and have calculated updated estimates using unit costs based on current construction estimating guidebooks and recent contractor estimates. The justification for the updated cost estimates, and a comparison to the existing estimates, is provided in Attachment 1 to this letter. In general, the updated estimates utilize the same equipment and quantities that were used for the existing bonds, with specified exceptions. For example, it was determined that the prior estimate did not



include cost estimates for highwall monitoring, revegetation monitoring and reporting, contingencies, and mobilization costs, so estimates were made for these items and added into the total. In addition, the cost estimate for fencing was adjusted to account for what appears to have been an error in the original calculation of the amount of fencing that would be required.

Based on these and other considerations detailed in Attachment 1, the updated reclamation cost estimate for the Antone Quarry mine is \$44,494; applying the Division's current escalation rate of 3.12%, the 5-year escalated reclamation estimate is \$51,882. The updated reclamation cost estimate for the Little Mountain Quarry mine is \$59,055; applying the Division's current escalation rate of 3.12%, the 5-year escalated reclamation estimate is \$68,861.

These are the updated, escalated reclamation cost estimate amounts that Lone Star proposes for bonding purposes for the two mines: \$51,882 for the Antone Quarry mine and \$68,861 for the Little Mountain Quarry mine.

#### Extension of Mine Permits

Lone Star requests that the Division extend the mining permits for the two properties, in suspended status. In its current round of strategic planning, Lone Star is considering constructing a cement plant in Tooele within the next five years, using one or both of the subject properties to supply necessary stone to the plants. As you know, Tooele County is one of the fastest growing areas in Utah, and Lone Star believes this growth presents significant potential for the reopening and use of the mines. Lone Star also understands that some of the existing quarries and pits that serve as sources for cement plants in the area are nearing depletion or are in areas where continued county zoning approvals are somewhat uncertain, which should provide opportunities to supply those facilities with stone from the two properties.

In addition, Lone Star has recently been approached by a third party with a proposal to mine clay or shale from either or both of the mines, under a joint venture or similar arrangement. If an agreement can be reached with this party, and if the material turns out to be of commercial grade, active mining could be a possibility in the relatively near future.

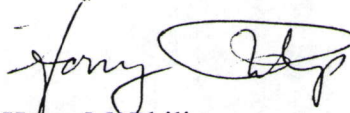
Based on the above, Lone Star requests that the Division extend its permits for the Antone and Little Mountain mines, said mines and permits to be in "inactive" status for the time being. In connection with the same, Lone Star proposes that the bond amounts for the two properties be increased to the amounts specified above (\$51,882 for the Antone mine and \$68,861 for the Little Mountain mine), which Lone Star would accomplish through the posting of a replacement bond or the posting of a supplemental bond or bond rider with the Division for each mine.

Lone Star understands that prior to making a decision on permit renewal, the Division still desires to conduct a field inspection of the two mines with Lone Star personnel, in order to ensure there are no problematic conditions at the site. Lone Star agrees this would be appropriate and stands ready to join the Division in such an inspection, once the site becomes accessible and the snow cover has thinned to the point where meaningful observation of the mines can be made.



Thank you for your consideration of this letter and of Lone Star's request for extension of its mine permits. We look forward to working with you and your office in this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Harry M. Philip", with a large, stylized loop at the end.

Harry M. Philip  
Vice President Manufacturing Services





State of Utah  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

1594 West North Temple, Suite 1210  
PO Box 145801  
Salt Lake City, Utah 84114-5801  
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Michael O. Leavitt  
Governor  
Robert L. Morgan  
Executive Director  
Lowell P. Braxton  
Division Director

June 11, 2002

TO: Minerals File  
FROM: *Doug Jensen*  
Doug Jensen, Paul Baker, Reclamation Specialists  
RE: Site Inspection, Lone Star Industries, Inc., Little Mountain Quarry, M/045/005, Quarry  
Antone, M/045/021, Tooele County, Utah

Date of Inspection: June 4, 2002  
Time of Inspection: 9:30 AM  
Conditions: Warm, Breezy  
Participants: Doug Jensen, Paul Baker, DOGM

**Purpose of Inspection:**

Lone Star Industries recently sent a letter to the Division requesting an extension of Rule R647-4-117.4 which requires the reclamation of sites that have been in suspension for a period of more than 10 years. The Division inspected the sites in question to ascertain the overall site stability and to assess reclamation bond adequacy for each.

**Getting to the site:**

The sites are located 34 miles west of Salt Lake off I-80 and 4 to 5 miles west of Grantsville on State Route 138. Both sites are located on the south side of the road in the low foothills.

**Observations:**

Because these two sites are limestone quarries the sites do not present any environmental problems due to off-site contamination. The natural limestone bedding plane has been utilized to form the highwalls at both sites, therefore highwalls are very stable.

Both sites appear to have self-revegetated and there were not any signs of erosion at either site. The vegetation in areas surrounding the sites is a sagebrush/grass community with dominant species including big sage, bluebunch wheatgrass, Utah juniper, downy brome, and Sandberg bluegrass. The topsoil piles at Quarry Antone were vegetated with crested wheatgrass and alfalfa. Disturbed areas at both sites have self-revegetated with a dominant community of rabbitbrush.

There are multiple piles of harvested soil at the Quarry Antone site. The amount of soil harvested at the Little Mountain site appears to be minimal, amended over-burden material may have to be used in areas of the site requiring soil replacement.



**A GPS survey was completed at both sites to document the disturbed acre footprint at each site. The survey indicated that the Quarry Antone area of disturbance to be 11.65 acres; this site is presently permitted to disturb 8 acres. The Little Mountain Quarry survey showed a disturbance of 23.29 acres; this site is permitted to disturb an area of 20 acres.**

**Conclusions and Recommendations:**

The bonds for each site were recently escalated to the year 2007. The escalated bond for Quarry Antone was calculated to be \$49,900 and Little Mountain bond was calculated at \$69,900. The writer has reviewed the reclamation plans for each site and feels that the bonds, as presently calculated, will be sufficient to reclaim each area. This is mainly due to the fact that much of the disturbed areas at each site has self revegetated with volunteer growth. Therefore, any attempt to reclaim some areas will result in destroying more vegetation than the Division would require for vegetation release. However, should Lone Star choose to expand the present plan to include any future mining areas, the present bond will need to be reassessed because future mining could possibly destroy areas at each site that have self revegetated.

Because both sites are presently out of compliance, it is recommended that Lone Star (1) amend the present permits to include the additional acreage indicated by the GPS survey; and (2) update the existing bonds to the escalated amount, before the Division supports Lone Star's application to extend the period of suspension for these two mines.

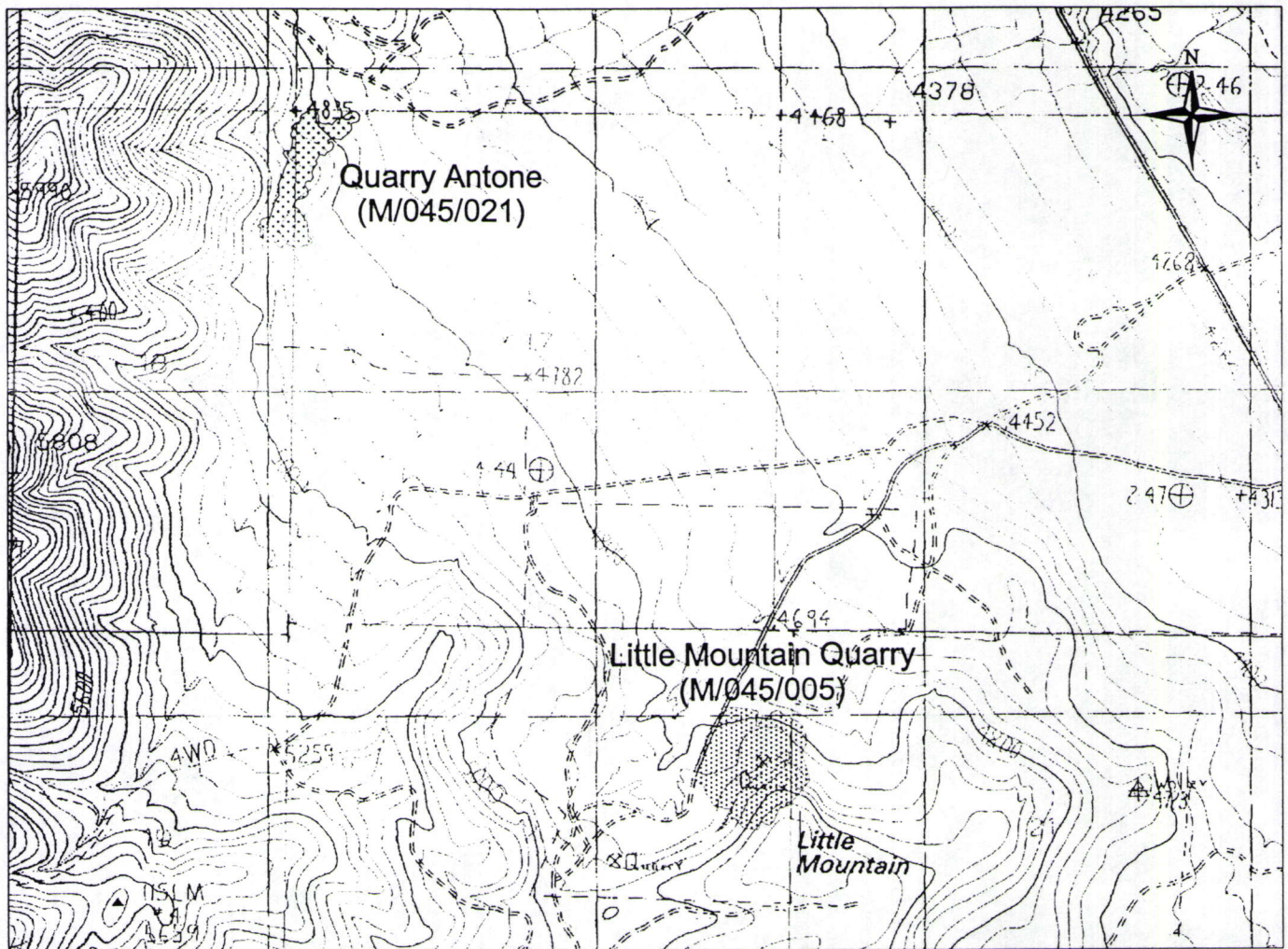
jb

Cc: Harry Phillip, Lone Star Industries  
Mike Malmquist, Parsons, Behle & Latimer

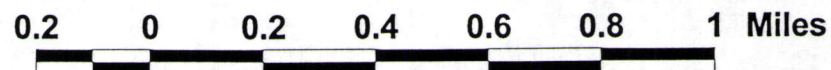
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# Lone Star Industries Tooele County Quarries



Flux Quad



This product may not meet DOGM standards for accuracy and content. Different data sources and input scales may cause some misalignment of data layers.

Prepared by DOGM 06/11/02



## QUARRY ANTONE



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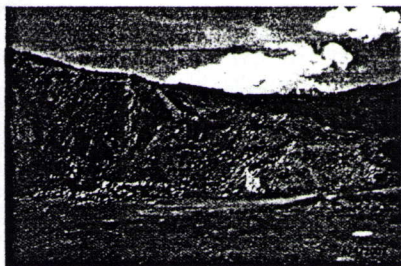
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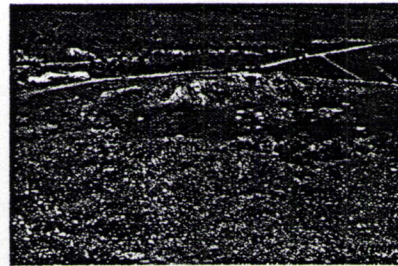
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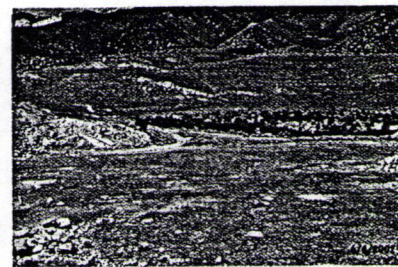
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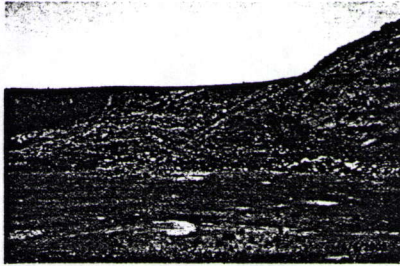
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# *LITTLE MOUNTAIN QUARRY*



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**RECLAMATION SURETY ESTIMATE**

Lone Star Industries, Inc

Quarry Antone

M/045/021

Prepared by Utah State Division of Oil, Gas &amp; Mining

last revision

**04/02/02**

filename M045-021.WB2

page "estimate D7"

Tooele County

-This bond calculated using unit and labor costs furnished by JBR Consultants, Inc.

**Note: actual unit costs may vary according to site conditions** last unit cost update 2-Aug-00

-Amount of disturbed area which will receive reclamation treatments = 11.65 acres

-Estimated total disturbed area for this mine = 11.65 acres

Activity	Quantity	Units	\$/unit	\$	Note
Safety gates, signs, etc. (mtls & installation)	0	sum	200	0	
Dozer	40	hours	197.71	7908.4	
Cat 950 Loader	40	hours	146.48	5859	
14G Grader	40	hours	168.35	6734	
Regrading facilities areas (1 ft depth)	0	acre	502	0	
Revegetation	13.3	acre	365	4855	
Safety & Fencing	2500	lf	3.08	7700	
Seed & Fertilizer	13.3	acres	210	2793	
Post Mining Monitoring	1	lump sum	3600	3600	
Equipment mobilization	1	equip	1000	1000	
Reclamation supervision	4	days	386	1544	
		Subtotal		39449	
10% Contingency				3945	
		Subtotal		43394	
Escalate for 5 years at 2.82% per year				6474	
		Total		49868	
Rounded surety amount in year 2007 \$				49900	
Average cost per disturber acre =				4280	



**RECLAMATION SURETY ESTIMATE**

Lone Star, Inc  
 Little Mountain Quarry  
 M/045/005

last revision  
 filename M045-005.WB2  
 Tooele County

**04/01/02**  
 page "estimate D7"

Prepared by Utah State Division of Oil, Gas & Mining

-This bond calculated using unit and labor costs furnished by JBR Environmental Consultants, Inc.

**Note: actual unit costs may vary according to site conditions** last unit cost update 2-Aug-00

-Amount of disturbed area which will receive reclamation treatments = 23.69 acres

-Estimated total disturbed area for this mine = 23.69 acres

Activity	Quantity	Units	\$/unit	\$	Note
Safety gates, signs, etc. (mtls & installation)	0	sum	200	0	
Clean-up & removal of structures	40	hours	344	13768	
Backfill, grading, recontouring	24	hours	366	8786	
Topsoil redistribution	8	hours	147	1172	
Safety & fencing	4500	lf	3.08	13860	
Revegetation	20	acres	365	7300	
Broadcast seeding & fertilizer	20	acres	210	4200	
Post mining monitoring	1	lump sum	3600	3600	
Equipment mobilization	1	equip	1000	1000	
Reclamation supervision	4	days	386	1544	
		Subtotal		55230	
10% Contingency				5523	
		Subtotal		60753	
Escalate for 5 years at 2.82% per year				9063	
		Total		69817	
Rounded surety amount in year 2007 \$				69800	
Average cost per disturber acre =				2947	



- ☐ AIU Insurance Company  
☐ American Home Assurance Company  
☐ American International Pacific Insurance Company  
☐ Commerce and Industry Insurance Company  
☐ Commerce and Industry Insurance Company of Canada  
☐ Granite State Insurance Company  
☐ The Insurance Company of the State of Pennsylvania  
☒ National Union Fire Insurance Company of Pittsburgh, Pa.  
☐ New Hampshire Insurance Company



American International Companies®

Principal Bond Office  
6th Floor

175 Water Street, New York, N.Y. 10038

TO: STATE OF UTAH  
355 WEST NORTH TEMPLE  
3 TRIAD CENTER, SUITE 350  
Salt Lake City, UT 84180

**DIRECT CANCELLATION NOTICE**

CERTIFIED MAIL

7002 0860 0001 5072 6530

BOND NO. ~~954080~~

PRINCIPAL OBLIGEE UTAH PORTLAND QUARRIES INC  
STATE OF UTAH

AMOUNT OF BOND \$ 56,200.00 TYPE Commercial

POLICY PERIOD 10/16/00 TO 10/17/03

You are hereby notified that the above Bond # ~~954080~~ is hereby cancelled effective September 13, 2002.

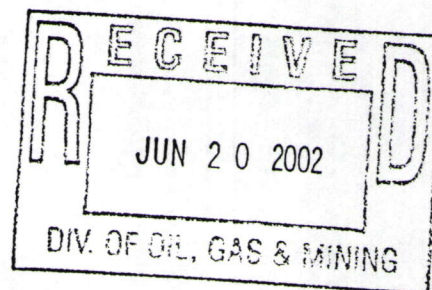
Signed and sealed this 13th day of June 2002.

National Union Fire Insurance Company of Pittsburgh, PA

NAME OF COMPANY

Luz Marina Velazquez

ATTORNEY-IN-FACT





- ☒ AIU Insurance Company
- ☐ American Home Assurance Company
- ☐ American International Pacific Insurance Company
- ☐ Commerce and Industry Insurance Company
- ☐ Commerce and Industry Insurance Company of Canada
- ☐ Granite State Insurance Company
- ☐ The Insurance Company of the State of Pennsylvania
- ☒ National Union Fire Insurance Company of Pittsburgh, Pa.
- ☐ New Hampshire Insurance Company



m/45/021

**American International Companies®**

Principal Bond Office  
6th Floor  
175 Water Street, New York, N.Y. 10038

TO: STATE OF UTAH  
355 WEST NORTH TEMPLE  
3 TRIAD CENTER, SUITE 350  
Salt Lake City, UT 84180

**DIRECT CANCELLATION NOTICE**

**CERTIFIED MAIL**

7002 0860 0001 5072

BOND NO. ~~9540791~~

PRINCIPAL UNITED PORTLAND QUARRIES  
OBLIGEE STATE OF UTAH

AMOUNT OF BOND \$ 34,400.00 TYPE Commercial

POLICY PERIOD 10/16/00 TO 10/17/03

You are hereby notified that the above Bond # ~~9540791~~ is hereby cancelled effective September 13, 2002.

Signed and sealed this 13th day of June 2002.

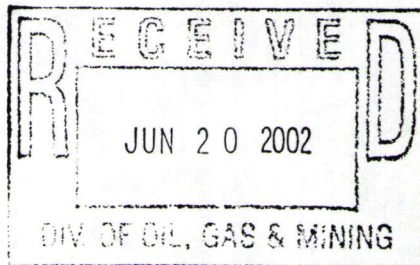
National Union Fire Insurance Company of Pittsburgh, PA

NAME OF COMPANY

*Luz Marina Velazquez*

Luz Marina Velazquez

ATTORNEY-IN-FACT



RECEIVED  
JUN 14 2002  
NATURAL RESOURCES



EXAMPLE

FILED

APR 09 2002

SECRETARY, BOARD OF  
OIL, GAS & MINING

BEFORE THE BOARD OF OIL, GAS, AND MINING  
DEPARTMENT OF NATURAL RESOURCES  
STATE OF UTAH

IN THE MATTER OF THE REQUEST  
FOR AGENCY ACTION OF  
AMERICAN GILSONITE COMPANY  
FOR APPROVAL OF SELF-BONDING/  
ESCROW AGREEMENT PROPOSAL  
FOR ITS MINING OPERATIONS  
LOCATED IN UTAH COUNTY,  
UTAH

AMENDED REQUEST FOR  
AGENCY ACTION

DOCKET NO: 2002-005

CAUSE NO: M/047/010

American Gilsonite Company ("AGC") by and through its attorneys, Pruitt, Gushee & Bachtell and Ted Stevens, hereby petitions the Utah Board of Oil, Gas & Mining ("Board") for approval of a self-bonding/escrow agreement to cover that portion of AGC's current reclamation obligations not covered by an existing reclamation bond.

STATEMENT OF MATERIAL FACTS

1. AGC is an Oklahoma corporation in good standing and is qualified to conduct business in the State of Utah.
2. AGC owns, mines and processes Gilsonite ore near Bonanza, Utah. AGC and its predecessors have mined Gilsonite in that area since the early 1900's.
3. The Utah Mined Land Reclamation Act, UCA Sections 40-8-1 *et. seq.*, (the "Act"), requires that upon permanent cessation of mining operations, the operator shall complete reclamation of the mine site. Further, the Act and the Rules adopted



## REQUEST

### **AGC Requests Approval of a Self-Bonding Agreement for the Remaining Amount of \$189,100 Which Will Be Supported By an Escrow Account as Collateral**

14. Utah Code Ann. Section 40-8-14(3) and governing regulations, authorize self-bonding agreements with Board approval. In making its decision on a self-bonding proposal, the Board is to consider the Operator's financial status, its assets within the State, its past performance in complying with contractual agreements and the facilities available to carry out the reclamation work. The Division also has certain qualifications that, although not established by regulation, it typically uses as guidelines for evaluating a self-bonding proposal and advising the Board as to the advisability of approving the self-bonding agreement.

15. Upon our review and discussion with Division staff, AGC has determined that it does not meet all of the Division's typical criteria for a self-bond. Nonetheless, working creatively with Division staff, AGC believes that its proposal for self-bonding for this limited portion of its reclamation liabilities deserves approval by the Board.

16. AGC's financial situation is strong and vastly improved over recent years. AGC's business is remarkably diversified for a company of its size, contributing to the stability of AGC's financial condition. *See* Petitioner's Exhibits A-C.

17. AGC proposes to supplement the self-bonding agreement by establishing an escrow account as collateral. AGC has also reclaimed specific mine sites, which are



**PRAYER FOR RELIEF**

AGC respectfully prays for the following relief:

1. Board approval of a self-bond in the amount of \$189,100 to meet that portion of AGC's reclamation obligations not covered by existing bonds:
2. Board approval of the Escrow Agreement prayed for herein, with an initial down payment of \$47,275 and additional annual payments of \$47,275 for three years, as collateral for and timely replacement of the self-bond agreement.
3. For such additional relief as the Board deems proper under the circumstances.

Respectfully submitted this 9<sup>th</sup> day of April, 2002.

**PRUITT, GUSHEE & BACHTELL**



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Salt Lake City, UT 84111  
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EXAMPLE

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FILED

APR 09 2002

SECRETARY, BOARD OF  
OIL, GAS & MINING

BEFORE THE BOARD OF OIL, GAS, AND MINING  
DEPARTMENT OF NATURAL RESOURCES  
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UTAH

PETITIONER'S EXHIBITS IN  
SUPPORT OF AMENDED  
REQUEST FOR AGENCY ACTION

DOCKET NO: 2002-005

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Pursuant to Utah Administrative Code Rules R641-105-500 and 600, Petitioner American Gilsonite Company (AGC) hereby respectfully submits the original and fourteen (14) copies of the following exhibits<sup>1</sup> to be offered in support of its Request for Agency Action at the hearing on this matter scheduled for May 22, 2002.

Exhibit A - 2000 and 1999 Financial Statements (Audited)

Exhibit B - 1999 and 1998 Financial Statements (Audited)

Exhibit C - Statement of Financial Conditions

Respectfully submitted this 9<sup>th</sup> day of April, 2002.

<sup>1</sup> Exhibits A through C contain confidential business information. AGC requests that the Board not publicly disclose these documents or any of the information contained therein.



**PRUITT, GUSHEE & BACHTTELL**



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